

**STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN**

1

**QUARTERLY FINANCIAL REPORTING FORM**

Submitted on 2/13/2004 4:56:36 PM

		1
1.	FOR THE QUARTER ENDING:	December 31, 2003
2.	Name:	BLUE CROSS OF CALIFORNIA
3.	File Number:(Enter last three digits) 933-0	303
4.	Date Incorporated or Organized:	June 8, 1982
5.	Date Licensed as a HCSP:	January 7, 1993
6.	Date Federally Qualified as a HCSP:	N/A
7.	Date Commenced Operation:	1-Jul-82
8.	Mailing Address:	4553 La Tienda Drive - Mail Stop 1B3, Thousand Oaks, California 91362
9.	Address of Main Administrative Office:	21555 Oxnard Street, Woodland Hills, California 91367
10.	Telephone Number:	(818) 234-2345
11.	HCSP's ID Number:	95-3760980
12.	Principal Location of Books and Records:	4553 La Tienda Drive, Thousand Oaks, California 91362
13.	Plan Contact Person and Phone Number:	Thomas C. Geiser (805) 557-6110
14.	Financial Reporting Contact Person and Phone Number:	Bret A. Morris, VP - Finance (805) 557-5009
15.	President:*	David S. Helwig
16.	Secretary:*	Thomas C. Geiser
17.	Chief Financial Officer:*	Kenneth C. Zurek
18.	Other Officers:*	Leonard D. Schaeffer
19.		
20.		
21.		
22.	Directors:*	Leonard D. Schaeffer
23.		David C. Colby
24.		David S. Helwig
25.		Woodrow A. Myers, Jr., M.D.
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32.	President	signature required (please type for valid signature)
33.	Secretary	signature required (please type for valid signature)
34.	Chief Financial Officer	Kenneth C. Zurek
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.		
35.	Check if this is a revised filing, and complete question 7 on page 2: <input type="checkbox"/>	
36.	If all dollar amounts are reported in thousands (000), check here: <input checked="" type="checkbox"/>	

Check My Work

**STATE OF CALIFORNIA**  
**DEPARTMENT OF MANAGED HEALTH CARE**  
**HEALTH CARE SERVICE PLAN**  
  
**QUARTERLY FINANCIAL REPORTING FORM**  
  
**SUPPLEMENTAL INFORMATION**

		1
1.	Are footnote disclosures attached with this filing?	Yes <input type="button" value="v"/>
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="v"/>
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	Yes <input type="button" value="v"/>
4.	Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	Yes <input type="button" value="v"/>
5.	Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="v"/>
6.	If "yes", describe:	
7.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

## REPORT #1 ---- PART A: ASSETS

1	2
<b>CURRENT ASSETS:</b>	Current Period
1. Cash and Cash Equivalents	510,606
2. Short-Term Investments	3,284,614
3. Premiums Receivable - Net	286,641
4. Interest Receivable	24,452
5. Shared Risk Receivables - Net	0
6. Other Health Care Receivables - Net	68,074
7. Prepaid Expenses	64,347
8. Secured Affiliate Receivables - Current	0
9. Unsecured Affiliate Receivables - Current	0
10. Aggregate Write-Ins for Current Assets	307,635
11. TOTAL CURRENT ASSETS (Items 1 to 10)	4,546,369
<b>OTHER ASSETS:</b>	
12. Restricted Assets	102,700
13. Long-Term Investments	47
14. Intangible Assets and Goodwill - Net	5,130
15. Secured Affiliate Receivables - Long-Term	0
16. Unsecured Affiliate Receivables - Past Due	0
17. Aggregate Write-Ins for Other Assets	121,194
18. TOTAL OTHER ASSETS (Items 12 to 17)	229,071
<b>PROPERTY AND EQUIPMENT</b>	
19. Land, Building and Improvements	0
20. Furniture and Equipment - Net	9,348
21. Computer Equipment - Net	54,798
22. Leasehold Improvements -Net	33,180
23. Construction in Progress	0
24. Software Development Costs	103,300
25. Aggregate Write-Ins for Other Equipment	18,502
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	219,128
27. TOTAL ASSETS	4,994,568
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS</b>	
1001. Deferred Tax Asset - Short-Term	186,072
1002. Other Receivables - Net	4,551
1003. Security Trades Pending Receivable	11
1004. Other Current Assets	117,001
1098. Summary of remaining write-ins for Item 10 from overflow page	0
1099. TOTALS (Items 1001 thru 1004 plus 1098)	307,635
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS</b>	
1701. Deferred Tax Asset - Long-Term	36,385
1702. Funds Held by Administrator - FEHBP	41,226
1703. Prepaid Rent - Long-Term	26,548
1704. Prepaid Benefit Pension Costs	17,035
1798. Summary of remaining write-ins for Item 17 from overflow page	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	121,194
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT</b>	
2501. Capitalized Leases - Net	12,276
2502. Other Fixed Assets	6,226
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	0
2599. TOTALS (Items 2501 thru 2504 plus 2598)	18,502

## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

## REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
<b>CURRENT LIABILITIES:</b>	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	621,100	XXX	621,100
2. Capitation Payable	130,276	XXX	130,276
3. Claims Payable (Reported)	140,508	5,230	145,738
4. Incurred But Not Reported Claims	981,802	36,548	1,018,350
5. POS Claims Payable (Reported)	0	0	0
6. POS Incurred But Not Reported Claims	0	0	0
7. Other Medical Liability	70,754	2,634	73,388
8. Unearned Premiums	258,532	XXX	258,532
9. Loans and Notes Payable	0	XXX	0
10. Amounts Due To Affiliates - Current	314,701	XXX	314,701
11. Aggregate Write-Ins for Current Liabilities	928,260	0	928,260
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	3,445,933	44,412	3,490,345
<b>OTHER LIABILITIES:</b>			
13. Loans and Notes Payable (Not Subordinated)	0	XXX	0
14. Loans and Notes Payable (Subordinated)	0	XXX	0
15. Accrued Subordinated Interest Payable	0	XXX	0
16. Amounts Due To Affiliates - Long Term	0	XXX	0
17. Aggregate Write-Ins for Other Liabilities	201,008	XXX	201,008
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	201,008	XXX	201,008
19. TOTAL LIABILITIES	3,646,941	44,412	3,691,353
<b>NET WORTH</b>			
20. Common Stock	XXX	XXX	331,319
21. Preferred Stock	XXX	XXX	0
22. Paid In Surplus	XXX	XXX	0
23. Contributed Capital	XXX	XXX	0
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	910,083
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	61,813
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	1,303,215
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	4,994,568
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES</b>			
1101. Contract Settlements Payable	23,968		23,968
1102. Experience Rated Refunds	183,765		183,765
1103. Miscellaneous Current Liabilities	88,959		88,959
1104. Security Trades Pending Payable	7,055		7,055
1198. Summary of remaining write-ins for Item 11 from overflow page	624,513		624,513
1199. TOTALS (Items 1101 thru 1104 plus 1198)	928,260	0	928,260
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES</b>			
1701. Accrued Postretirement Benefits	81,003	XXX	81,003
1702. Premium Stabilization Reserve	41,226	XXX	41,226
1703. Accrued Pension Liability	78,689	XXX	78,689
1704. Miscellaneous Long-Term Liabilities	90	XXX	90
1798. Summary of remaining write-ins for Item 17 from overflow page	0	XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	201,008	XXX	201,008
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS</b>			
2501. Unrealized Gain/(Loss) on Investment Securities, Net of Tax	XXX	XXX	107,166
2502. Minimum Pension Liability Adjustment, Net of Tax	XXX	XXX	-45,353
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	0
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	61,813

## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
<b>REVENUES:</b>		
1. Premiums (Commercial)	2,150,451	8,592,829
2. Capitation	0	0
3. Co-payments, COB, Subrogation	0	0
4. Title XVIII - Medicare	92,239	373,514
5. Title XIX - Medicaid	246,519	992,205
6. Fee-For-Service	0	0
7. Point-Of-Service (POS)	0	0
8. Interest	0	0
9. Risk Pool Revenue	0	0
10. Aggregate Write-Ins for Other Revenues	-13,244	108,936
11. TOTAL REVENUE (Items 1 to 10)	2,475,965	10,067,484
<b>EXPENSES:</b>		
<b>Medical and Hospital</b>		
12. Inpatient Services - Capitated	31,470	123,300
13. Inpatient Services - Per Diem	63,934	235,121
14. Inpatient Services - Fee-For-Service/Case Rate	760,576	3,136,495
15. Primary Professional Services - Capitated	266,667	1,085,215
16. Primary Professional Services - Non-Capitated	451,293	1,804,219
17. Other Medical Professional Services - Capitated	15,167	100,968
18. Other Medical Professional Services - Non-Capitated	48,907	175,446
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	43,747	223,608
20. POS Out-Of-Network Expense	0	0
21. Pharmacy Expense - Capitated	0	0
22. Pharmacy Expense - Fee-for-Service	308,049	1,163,443
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	0	0
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	1,989,810	8,047,815
<b>Administration</b>		
25. Compensation	86,968	333,583
26. Interest Expense	0	0
27. Occupancy, Depreciation and Amortization	10,698	43,409
28. Management Fees	0	0
29. Marketing	122,775	483,641
30. Affiliate Administration Services	11,711	45,484
31. Aggregate Write-Ins for Other Administration	80,975	332,332
32. TOTAL ADMINISTRATION (Items 25 to 31)	313,127	1,238,449
33. TOTAL EXPENSES	2,302,937	9,286,264
34. INCOME (LOSS)	173,028	781,220
35. Extraordinary Item	0	0
36. Provision for Taxes	71,288	321,900
37. NET INCOME (LOSS)	101,740	459,320
<b>NET WORTH:</b>		
38. Net Worth Beginning of Period	1,164,462	1,042,880
39. Audit Adjustments	0	0
40. Increase (Decrease) in Common Stock	0	0
41. Increase (Decrease) in Preferred Stock	0	0
42. Increase (Decrease) in Paid in Surplus	0	0
43. Increase (Decrease) in Contributed Capital	0	0
44. Increase (Decrease) in Retained Earnings:	0	0
45. Net Income (Loss)	101,740	459,320
46. Dividends to Stockholders	0	-300,000
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	37,013	101,015
49. NET WORTH END OF PERIOD (Items 38 to 48)	1,303,215	1,303,215

## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES</b>		
1001. Net Investment Income	17,740	99,615
1002. Management Services Revenue	-30,617	8,721
1003. Net Other Income/(Expense)	-367	600
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	-13,244	108,936
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES</b>		
2301.		
2302.		
2303.		
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES</b>		
3101. Outside Services	24,350	90,705
3102. Communication Expense	11,095	47,769
3103. Other Administrative Expense	47,494	198,276
3104. Reimbursements	-1,964	-4,418
3105.		
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	80,975	332,332
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS</b>		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS</b>		
4801. Change in Unrealized Gain/(Loss) on Investment Securities, Net of Tax	26,342	90,344
4802. Minimum Pension Liability Adjustment	10,671	10,671
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	37,013	101,015

**REPORT #3: STATEMENT OF CASH FLOWS**

1	2	3
	Current Period	Year-to-Date
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>		
1. Group/Individual Premiums/Capitation	2,168,684	8,630,911
2. Fee-For-Service	0	0
3. Title XVIII - Medicare Premiums	93,142	374,538
4. Title XIX - Medicaid Premiums	229,201	985,433
5. Investment and Other Revenues	7,863	120,136
6. Co-Payments, COB and Subrogation	0	0
7. Medical and Hospital Expenses	-1,951,543	-8,012,453
8. Administration Expenses	-137,620	-1,157,333
9. Federal Income Taxes Paid	-126,806	-352,705
10. Interest Paid	0	0
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	282,921	588,527
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>		
12. Proceeds from Restricted Cash and Other Assets	0	0
13. Proceeds from Investments	1,171,109	3,705,416
14. Proceeds for Sales of Property, Plant and Equipment	506	1,347
15. Payments for Restricted Cash and Other Assets	0	0
16. Payments for Investments	-1,553,883	-4,545,003
17. Payments for Property, Plant and Equipment	-29,889	-96,119
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-412,157	-934,359
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES:</b>		
19. Proceeds from Paid in Capital or Issuance of Stock	0	0
20. Loan Proceeds from Non-Affiliates	0	0
21. Loan Proceeds from Affiliates	0	0
22. Principal Payments on Loans from Non-Affiliates	0	0
23. Principal Payments on Loans from Affiliates	0	0
24. Dividends Paid	0	-300,000
25. Aggregate Write-Ins for Cash Provided by Financing Activities	237,538	540,494
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	237,538	240,494
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	108,302	-105,338
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	402,304	615,944
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	510,606	510,606
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
30. Net Income	101,740	459,320
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>		
31. Depreciation and Amortization	15,943	60,218
32. Decrease (Increase) in Receivables	9,409	-15,154
33. Decrease (Increase) in Prepaid Expenses	9,208	-2,949
34. Decrease (Increase) in Affiliate Receivables	0	0
35. Increase (Decrease) in Accounts Payable	38,607	25,568
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	74,990	48,523
37. Increase (Decrease) in Unearned Premium	10,973	-426
38. Aggregate Write-Ins for Adjustments to Net Income	22,051	13,427
39. TOTAL ADJUSTMENTS (Items 31 through 38)	181,181	129,207
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	282,921	588,527
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>		
2501. Capital Leases	-1,149	-3,893
2502. Change in Advances on Securities Lending Deposits	238,687	544,387
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	237,538	540,494
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME</b>		
3801. Loss (Gain) on Sale of Assets	7,394	1,752
3802. Increase (Decrease) in Capitation Payable	33,948	-1,309
3803. Decrease (Increase) in Prepaid Benefit Pension Costs	-7,969	10,467
3898. Summary of remaining write-ins for Item 38 from overflow page	-11,322	2,517
3899. TOTALS (Items 3801 thru 3803 plus 3898)	22,051	13,427

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**REPORT #4: ENROLLMENT AND UTILIZATION TABLE****TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	1,285,812	130,231	117,680	1,298,363	3,864,550			0	63,936	199	4.07
2. Medicare Risk	53,806	3,142	6,668	50,280	156,433			0	15,460	1186	6.77
3. Medi-Cal Risk	839,859	104,253	99,337	844,775	2,527,025			0	46,084	219	3.16
4. Individual	51,618	5,522	4,940	52,200	155,485			0	3,005	232	4.26
5. Point of Service	0	0	0	0	0			0	0		0.00
6. Aggregate write-ins for Other	2,473,855	216,230	201,733	2,488,352	7,446,436	0	0	0	200,203	323	4.67
7. Total Membership	4,704,950	459,378	430,358	4,733,970	14,149,929	0	0	0	328,688	279	4.32
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group	220,118	24,310	22,693	221,735	662,323			0	13,169	239	3.92
602. Healthy Families	271,095	32,962	24,485	279,572	834,104			0	2,472	36	2.82
603. AIM	8,864	2,131	1,899	9,096	27,143			0	4,160	1,839	3.36
604. Medicare Cost	212,046	16,412	13,434	215,024	642,353			0	37,630	703	5.95
605. ASO	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
606. PPO	1,761,732	140,415	139,222	1,762,925	5,280,513			0	142,772	324	4.59
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699, 698) (Line 6 above)	2,473,855	216,230	201,733	2,488,352	7,446,436	0	0	0	200,203	323	4.67

\*\* Annualized Hospital Days/1000 calculation above includes Institutionally Capitated Members (ICAP). See Page 25 for calculation of Annualized Hospital Days/1000 excluding ICAP.

**SCHEDULE A-1 (CASH)**

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Required on an annual basis only.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		0
10. Cash on Hand (Petty Cash)		
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		0

**SCHEDULE A-2 RESTRICTED ASSETS**

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. Deutsche Bank/Bankers Trust Company	093304	3,273
13. Deutsche Bank/Bankers Trust Company	093319	344
14. FNMA	31359MTR4	99,083
15.		
16.		
17.		
18.		
19. Total Restricted Assets		102,700

\* Indicate the Balance Per the HMO's Records

\*\*

## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

**SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)**

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Required on an annual basis only.					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
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17.						0
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45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

\*\*

## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

**SCHEDULE D**  
**HEALTH CARE RECEIVABLES &**  
**AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES**

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	None					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
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39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed	29,616	36,348	468	1,642	68,074
55.	Total	29,616	36,348	468	1,642	68,074

\*\*

## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

## SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

1	2	3	4	5	6	7
Name of Debtor	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
1. Required on an annual basis only.						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23. Aggregate Accounts Not Individually Listed - Due						0
24. Total	0	0	0	0	0	0

\*\*

**SCHEDULE G - UNPAID CLAIMS ANALYSIS**  
**SECTION I - CLAIMS UNPAID**

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims	112,782	524,360	637,142
2. Physician Claims	32,956	372,144	405,100
3. Referral Claims	0	0	0
4. Other Medical	2,191	323,319	325,510
5. TOTAL	147,929	1,219,823	1,367,752

**SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)**

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

**SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED\***

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11. January	489,283	4,942,635	4,846,992	55,559	415	529,782
13. February	529,782	4,598,045	4,505,134	58,311	-16,105	548,277
14. March	548,277	5,035,774	5,008,741	62,635	1,207	513,882
15. April	513,882	5,280,209	5,149,234	59,382	4,735	590,210
16. May	590,210	5,104,731	5,133,852	60,428	-3,685	496,976
17. June	496,976	5,055,068	4,965,179	56,533	11,775	542,107
18. July	542,107	4,969,209	4,998,373	58,212	1,183	455,914
19. August	455,914	4,861,513	4,844,867	56,336	2,412	418,636
20. September	418,636	4,776,863	4,676,181	54,706	13,740	478,352
21. October	478,352	5,106,414	5,021,647	59,797	9,676	512,998
22. November	512,998	4,601,888	4,471,761	55,091	10,445	598,479
23. December	598,479	5,036,941	4,996,498	59,238	14,114	593,798

\* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

\*\*

**STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA**

**SCHEDULE H - AGING OF ALL CLAIMS**

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	January	526,014	2,928	589	251	529,782
3.	February	543,990	3,305	716	266	548,277
4.	March	510,468	2,710	448	256	513,882
5.	April	585,004	4,117	780	309	590,210
6.	May	492,077	3,868	668	363	496,976
7.	June	536,386	4,631	693	397	542,107
8.	July	446,852	7,974	629	459	455,914
9.	August	409,242	8,070	910	414	418,636
10.	September	468,141	9,136	631	444	478,352
11.	October	502,764	9,035	801	398	512,998
12.	November	585,250	11,773	1,156	300	598,479
13.	December	579,394	10,814	2,625	965	593,798

\*\*



**STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA**

**SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID**

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag)
1. Current Quarter		XXX	0	
2. Previous Quarter			0	
3. Previous 2 Quarters			0	
4. Previous 3 Quarters			0	
5. Previous 4 Quarters			0	
6. Previous 5 Quarters			0	
7. Previous 6 Quarters			0	
8. Previous 7 Quarters			0	

\* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

\*\* See attached annual certification.

1	
NOTES TO FINANCIAL STATEMENTS	
1.	See attached notes to financial statements
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1	
OVERFLOW PAGE FOR WRITE-INS	
1.	<b>REPORT #1 ---- PART B: LIABILITIES AND NET WORTH</b>
2.	<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES</b>
3.	<b>1105. Security Lending Liability 624,513</b>
4.	
5.	<b>REPORT #3: STATEMENT OF CASH FLOWS (Direct Method)</b>
6.	<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME</b>
7.	<b>Current Period</b>
8.	<b>3804. Increase (Decrease) in Other Medical Liability (85,695)</b>
9.	<b>3805. Increase (Decrease) in Affiliate Payables 79,956</b>
10.	<b>3806. Increase (Decrease) in Contract Settlements Payable (2,292)</b>
11.	<b>3807. Increase (Decrease) in Experience Rated Refunds 6,901</b>
12.	<b>3808. Increase (Decrease) in Miscellaneous Current Liabilities (7,971)</b>
13.	<b>3809. Increase (Decrease) in Accrued Postretirement Benefits 2,459</b>
14.	<b>3810. Increase (Decrease) in Miscellaneous LT Liabilities 8</b>
15.	<b>3811. Decrease (Increase) in Other Current Assets 2,805</b>
16.	<b>3812. Deferred Income Taxes (7,493)</b>
17.	<b>Totals (Items 3804 thru 3812) (11,322)</b>
18.	<b>Year-to-Date</b>
19.	<b>3804. Increase (Decrease) in Other Medical Liability (7,514)</b>
20.	<b>3805. Increase (Decrease) in Affiliate Payables 40,395</b>
21.	<b>3806. Increase (Decrease) in Contract Settlements Payable (6,181)</b>
22.	<b>3807. Increase (Decrease) in Experience Rated Refunds 28,431</b>
23.	<b>3808. Increase (Decrease) in Miscellaneous Current Liabilities 22,421</b>
24.	<b>3809. Increase (Decrease) in Accrued Postretirement Benefits 5,331</b>
25.	<b>3810. Increase (Decrease) in Miscellaneous LT Liabilities (11)</b>
26.	<b>3811. Decrease (Increase) in Other Current Assets (42,689)</b>
27.	<b>3812. Deferred Income Taxes (37,666)</b>
28.	<b>Totals (Items 3804 thru 3812) 2,517</b>
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## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

**KNOX-KEENE**  
**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68**

	1	2	3	4	5
<b>A.</b>	<b>Explanation of the method of calculating the provision for incurred and unreported claims:</b>				
1.	See Page 25				
<b>B.</b>	<b>Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:</b>				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	Woodrow A. Myers, Jr.	Executive Vice President	Interest-free loan	80,000	See Page 25
3.					
4.	Note: Loan amounts are in whole dollars				
5.					
6.					
<b>C.</b>	<b>Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:</b>				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	None				
8.					
9.					
10.					
11.					
<b>D.</b>	<b>Forgiven debt or obligations, as detailed below:</b>				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	None				
13.					
14.					
15.					
<b>E.</b>	<b>Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:</b>				
16.	Net Equity			\$	1,303,215
17.	Add: Subordinated Debt			\$	0
18.	Less: Receivables from officers, directors, and affiliates			\$	80
19.	Intangibles			\$	40,589
20.	Tangible Net Equity (TNE)			\$	1,262,546
21.	Required Tangible Net Equity (See Page 22)			\$	276,151
22.	TNE Excess (Deficiency)			\$	986,395
<b>F.</b>	<b>Percentage of administrative costs to revenue obtained from subscribers and enrollees:</b>				
23.	Revenue from subscribers and enrollees			\$	2,458,592
24.	Administrative Costs			\$	313,127
25.	Percentage				13
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:			\$	136,321
27.	Total costs for health care services for the immediately preceding six months:			\$	3,974,361
28.	Percentage				3

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		0
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		
51. Average Length of Stay for Point of Service enrollees		
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

**STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA**

**REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:**

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

		Full Service Plans		Specialized Plans	
		1		2	
<b>A.</b>	Minimum TNE Requirement	\$ 1,000		Minimum TNE Requirement	\$ 50
<b>B.</b>	REVENUES:				
1.	2% of the first \$150 million of annualized premium revenues	\$ 3,000		2% of the first \$7.5 million of annualized premium revenue	\$
	Plus			Plus	
2.	1% of annualized premium revenues in excess of \$150 million	\$ 98,173		1% of annualized premium revenue in excess of \$7.5 million	\$
3.	Total	\$ 101,173		Total	\$ 0
<b>C.</b>	HEALTHCARE EXPENDITURES:				
4.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 12,000		8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$
	Plus			Plus	
5.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$ 132,282		4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$
	Plus			Plus	
6.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$ 131,869		4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7.	Total	\$ 276,151		Total	\$ 0
8.	Required "TNE" - Greater of "A" "B" or "C"	\$ 276,151		Required "TNE" - Greater of "A" "B" or "C"	\$

**KNOX -KEENE  
SUPPLEMENTAL INFORMATION  
PURSUANT TO SECTIONS 1374.64**

**POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION**

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1	
1. Net Equity	\$	1,303,215
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	1,303,215
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	1,303,215
<b>ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):</b>		
<b>I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):</b>		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
<b>II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):</b>		
<b><u>PART A</u></b>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
<b>III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING</b>		
14. Line 5 (above)	\$	1,303,215
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	1,303,215
<b>If Line 14 is less than Line 15, then monthly reporting is required</b>		

## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

## WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>



## STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA

### REPORT #4: ENROLLMENT AND UTILIZATION TABLE

Column 11 - Annualized Hospital Days/1000 calculation includes 555,788 Institutionally Capitated Members who are included in enrollment but have no reported days and therefore must be excluded when computing Annualized Hospital Days/1000. Excluding Institutionally Capitated Members in the calculation of Annualized Hospital Days/1000 for Group, Medicare Risk, Individual, Small Group and Total Membership produces the following:

Group	222	(excludes 403,098 Institutionally Capitated members)
Medicare Risk	1,956	(excludes 61,590 Institutionally Capitated members)
Individual	260	(excludes 16,539 Institutionally Capitated members)
Small Group	269	(excludes 74,561 Institutionally Capitated members)
Total Membership	290	(excludes 555,788 Institutionally Capitated Members)

### KNOX-KEENE, SUPPLEMENTAL INFORMATION

A. Explanation of the method of calculating the provision for incurred and unreported claims:

1. The calculation of the provision for incurred and unreported claims is based upon:

- (a) the claim payment records for the most recent 24 months,
- (b) the enrollment records for the most recent 24 months,
- (c) the current claim trend assumption, and
- (d) the seasonal incurred claim pattern.

Reserves are calculated by dividing the 24 month paid claims lag by the completion factors obtained by the auto regression method. The seasonality factors and trend factors are used to project the latest four months of incurred claims.

The Reserve is further adjusted by:

- (a) claim inventory status,
- (b) average claim per member per month trend, and
- (c) appropriate margin.

B. Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:

2. Terms - Forgiven in annual installments of \$40,000, so long as Dr. Myers, Jr. remains employed by the Company. If Dr. Myers, Jr. terminates employment voluntarily or if the Company terminates his employment for cause before the entire balance of the loan is forgiven, the remaining unpaid, unforgiven balance will become due.

E. Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 Rules:

19. Intangibles of \$40,589 should be broken out as follows:

Intangible Assets and Deferred Charges	\$5,197
Long-Term Prepaid Items	\$35,392

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**STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA**

**STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA**

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**STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA**

**STATEMENT AS OF 12-31-2003 OF 933-0303 BLUE CROSS OF CALIFORNIA**